



Foreign Agricultural Service

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Denmark

Livestock and Products

The Cycles in Pork prices Continue

2002

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Report Highlights:

Pressure on export markets decreases Danish pork exports and, especially, export earnings. Prices to pork producers are reduced drastically and is forecast to further decreases. In spite of this, Danish pork production continue to increase.

Includes PSD changes: No
Includes Trade Matrix: Yes
Unscheduled Report
The Hague [NL1], DA

In spite of drastic reductions in prices paid to pork producers, Danish pig production is forecast to increase by 3.5 percent in 2002 to 23.7 million of which 1.5 million will be exported live to Germany.

With minor exceptions, prices paid to farmers have been steadily decreasing since they peaked at DKK 13.00 per kilo in mid-March 2001. Prices now stands at DKK 9.40 per kilo (\$1.16 at today's exchange rate). This trend is expected to continue the rest of the year to DKK 7.75 per kilo at the 4th quarter of 2002. This will be similar to prices in January/February 2000 which were considered extremely low and about DKK 0.75 below production costs. There is even fear of prices below this level.

The decreasing prices are due to overproduction of pork on the world market where Denmark is said to be especially hit by increased competition from Brasil in Russia and from Canada in Japan, South Korea and Hong Kong.

Compared to pork exports for the first two months of 2002, which increased by 20 percent over 2001, pork exports for the first three months of 2002 show a slight decrease in amounts (4.2 percent), compared to 2001. The pressure on the traditional markets is demonstrated by strongly increased exports to a much less lucrative market as Australia. Exports in Danish currency (DKK) have decreased by 15 percent for the first quarter of 2002 compared to 2001.

See trade statistics for the first quarter of 2001 and 2002 on the following page.

Danish Pork Exports, First quarter

		Tons		Million DKK	
		2002	2001	2002	2001
Total Fresh/Frozen Pork		290,319	303,081	5,404	6,456
To EU		171,258	186,949	2,796	3,665
- of which to	UK	52,209	64,106	1,014	954
	Germany	50,118	50,098	716	954
	Italy	35,230	33,560	483	550
	France	14,887	20,083	208	346
To Japan		63,864	69,448	1,728	1,988
US		9,867	10,734	304	335
Russia		15,394	16,946	144	189
Australia		6,189	1,917	142	40
South Korea		6,856	4,475	101	80
EU export restitutions				6	10
Total Canned Pork		34,731	39,139	830	921
To EU		21,794	24,177	565	626
- of which to	UK	7,606	8,993	212	250
	Sweden	5,154	4,328	140	111
To US		3,857	4,522	93	109
Japan		1,324	1,551	33	33
EU export restitutions				12	25

Exchange rates: Average 2001: DKK 8.32=\$1

Current : DKK 8.03=\$1